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April 24, 1997

William F. Caton
Acting Secretary
Office of the Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

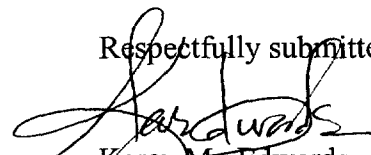
Re: MM Docket 96-197

Dear Mr. Caton:

Black Citizens for a Fair Media, *et al.* respectfully request leave to submit late the attached statement, as a supplement to their Reply Comments (submitted March 21, 1997).

Black Citizens for a Fair Media, *et al.* asked Professor Douglas Gomery, College of Journalism, University of Maryland to provide an economic analysis of the Economists Incorporated study submitted by ABC, Inc. in this docket, and we received his report on April 24. We believe that his analysis would contribute significantly to the record.

Respectfully submitted,


Karen M. Edwards
Angela J. Campbell

Statement of DOUGLAS GOMERY
Professor, College of Journalism
University of Maryland

My name is Douglas Gomery and I am a full professor in the College of Journalism at the University of Maryland and teach courses in Media Economics. I am also author of the regular column in *American Journalism Review*, "The Economics of Television," and author of nine books, including *The Feature of News* (Johns Hopkins University Press, 1982) and *American Media* (Johns Hopkins University Press, 1989) as well as several hundred articles about the economics and history of the mass media in the United States.

I have read the Report "An Empirical Investigation of the Scope of Competition Among Newspaper, Radio, Television and other Advertising Media," prepared by Economists Incorporated, and submitted as an attachment to the Comments of ABC, Inc., (hereinafter *ABC Report*) in response to the *Notice of Inquiry, In the Matter of Newspaper/Radio Cross-Ownership Waiver Policy*, MM Docket No. 96-197, released, October 1, 1996. Although impressive in its size and skilled use of econometrics, the *ABC Report* is flawed in its basic assumptions and is so narrow that it should not serve as a basis for action by the Federal Communications Commission (FCC) on whether to relax the newspaper/radio cross-ownership waiver policy.

The *ABC Report* argues that loosening the restrictions on joint ownership of radio stations and newspapers would affect competition in the sale of advertising within local markets. *ABC Report*, at 2. But the analysis in the cross-ownership context ought to go beyond the narrow considerations of competition for advertising offered up by Economists Incorporated. The relevant analysis for the newspaper/radio cross-ownership context is analysis of the effect of common ownership on speech—both as information and entertainment.

Thus, because of the narrowness of the *ABC Report*, the empirical findings, while highly mathematical and sophisticated in its regression analysis, ought to be ignored. The assumptions on which the *ABC Report* is based are simply not appropriate to the consideration here. Issues of diversity, multiplicity of voices, alternatives in programming, among other variables, are very difficult—if not impossible to quantify—and ought to be included in a more sweeping and appropriate analysis. The use of the mass media in running our democracy and in entertaining us all is too important to be simply left to considerations of competition for advertising dollars.

Moreover, each market situation ought to be analyzed individually. Although competition for advertising dollars is the sole criterion offered up by mass media corporations, it ought not to be the sole criterion for consideration by the Federal Communications Commission. The number of independent voices ought to be maximized both to facilitate better democratic discussion and so that readers and listeners have more choice among independent programming. Therefore, the judgment about whether to allow cross-ownership ought to be made on more criteria than simply considering the effect on competition for advertising. The *ABC Report* is far too narrow in its focus to be of much help to the Federal Communications Commission other than as a small piece in a very much larger matrix.

Even if competition for advertising was the only relevant concern, the case by case analysis proposed by Economists Incorporated offers a sophisticated methodology, but is not, as they assert, the “best way to assess the competitive effects of any proposed joint ownership.” *ABC Report*, at 1. In short, this sophisticated report is simply a complex answer to the wrong question. A better analysis would start with consideration of the public interest and then include—where appropriate and as merely one component—the issue of competition for advertising dollars.